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FIRE, MARINE & INLAND MARINE INSURANCE RATES

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I. Chapter 174A: Section 4: Restrictions on application

Scope and Applicability

This chapter shall apply to risks located in this Commonwealth insured by insurance companies authorized to transact business in this Commonwealth under the **1st, 2nd or 3rd clauses of MGL c. 175, s. 47**, even though such risks are covered by policies or contracts of insurance issued pursuant to MGL c. 175, s. 22A providing coverage under the aforementioned and any other clauses or subdivisions, other than subdivision (e) of the 6th clause, of said MGL c. 175, s. 47 which, as part of the coverage thereof, insure real or personal property against loss or damage by fire at residential locations or which, as part of the coverage thereof, insure the output of a manufacturer against such loss or damage by fire at locations other than his manufacturing premises.

Inland marine insurance shall be deemed to include insurance now or hereafter defined by law, or by interpretation thereof, or, if not so defined or interpreted, by ruling of the Commissioner, or as established by general custom of the business, as inland marine insurance.

This chapter shall not apply--

- (a) To reinsurance, other than joint reinsurance to the extent stated in section 13.
- (b) To insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance policies.
- (c) To insurance of hulls of aircraft, including their accessories and equipment, or against liability arising out of the ownership, maintenance or use of aircraft.
- (d) To motor vehicle insurance, nor to insurance against liability arising out of the ownership, maintenance or use of motor vehicles.

If any kind of insurance, subdivision or combination thereof, or type of coverage, subject to this chapter, is also subject to regulation by another rate regulatory law of this Commonwealth, an insurer to which both laws are otherwise applicable shall file with the Commissioner a designation as to which rate regulatory law shall be applicable to it with respect to such kind of insurance, subdivision or combination thereof, or type of coverage.

II. Chapter 174A: Section 5. Rates; general provisions

Rates shall be made in accordance with the following provisions:

- _____ 1. Manual, minimum, class rates, rating schedules or rating plans, shall be made and adopted, except in the case of specific inland marine rates on risks specially rated, and except in the case of special rates on other than inland marine risks where manual, minimum, class rates, rating schedules or rating plans are not readily available.
- _____ 2. Rates shall not be excessive, inadequate or unfairly discriminatory.
- _____ 3. Due consideration shall be given:
 - _____ a. to past and prospective loss experience within and outside this Commonwealth,
 - _____ b. to the conflagration and catastrophe hazards,
 - _____ c. to a reasonable margin for underwriting profit and contingencies
 - _____ d. to dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers,
 - _____ e. to past and prospective expenses both countrywide and those specially applicable to this Commonwealth, and
 - _____ f. to all other relevant factors within and outside this Commonwealth; and in the case of fire insurance rates consideration shall be given to the premium and loss experience of the fire insurance business during a period of not less than the most recent 5 year period for which such experience is available.

Rates made in accordance with this section may be used subject to this chapter.

Catastrophe Hazards / Uniformity Among Insurers

In considering catastrophe hazards with respect to homeowners insurance rates, the Commissioner shall consider catastrophe reinsurance and factors relating thereto. Except as provided in the section, uniformity among insurers in any matters within the scope of this section is neither required nor prohibited.

Commissions

Nothing in this chapter shall abridge or restrict the freedom of contract between insurers and agents or brokers with respect to commissions or between insurers and their employees with respect to compensation.

Use of Same Filings / Rates by Two or More Insurers

_____ Two (2) or more insurers who by virtue of their business associations in the United States represent themselves to be or are customarily known as an "insurance company group", or similar insurance trade designation, shall have the right to make the same filings or to use the same rates for each such insurer subject to subdivisions 1, 2 and 3 of subsection (a) of this section.

Nothing contained in this chapter shall be construed to prohibit an agreement to make the same filings or use the same rates and concerted action in connection with such filings or rates by such insurers.

Applicability

This subsection shall not apply to 2 or more insurers who are not under the same common executive or general management or control and who act in concert in underwriting groups or pools.

III. Chapter 174A: Section 6. Rates; filing with Commissioner

Filing Required

_____ Every insurer shall file with the Commissioner or his designated representative, except as to inland marine risks which by general custom of the business are not written according to manual rates or rating plans, every manual, minimum, class rate, rating schedule or rating plan, every other rating rule, every special rate on other than inland marine risks as provided for in subdivision 1 of subsection (a) of section 5, and every modification of any of the foregoing which it proposes to use.

Time for Filing

_____ Every such filing shall be made with the Commissioner at least 15 days prior to the proposed effective date thereof and shall indicate the character and extent of the coverage contemplated and the extent and nature of any change in rates, rating plans or premium charges.

Delay of Effective Date

The Commissioner may by order delay the effective date for not more than 30 additional days in any case in which he determines such delay is needed to properly examine the filing and any supporting information filed as requested or to permit a hearing thereon.

Information to Support Filing

The Commissioner may require an insurer to furnish the information upon which it supports a filing.

Any filing may be supported by:

- _____ (1) the experience or judgment of the insurer or rating organization making the filing,
- _____ (2) the experience of other insurers or rating organizations,
- _____ (3) any other credible information, or
- _____ (4) any other relevant factors.

Methodology, Actuarial Support, and Justification of the Filing

In reference to the above, examples of experience or judgment may be: three-year expense exhibits, five year premium/loss history exhibits, judgment rates, A-Rates, Competitors' rates, countrywide experience, or other experience. Please indicate the type of information you are submitting by placing a checkmark next to the designated information for the filing.

___ Five-Year Premium/Loss Experience Exhibit

___ Three-Year Expense Exhibit

___ Judgment Rates

___ A-Rates

___ Competitors' Rates, please indicate the competitor names of the cited data used in determining the rates in the spaced below:

_____, _____, _____,

___ *Countrywide Experience (Please indicate the specific form of countrywide data utilized in for the proposed rates in this filing).*

___ Other experience or data (Please indicate the specific data and criteria used).

Please note that the introduction of a new product to the market does not preclude the requirements for the filer to provide the above referenced exhibits and justification. In these instances, filers use either countrywide experience, competitor's data, rating bureau material, or other sources. In rare occasions where the product being introduced is unique and no such information is available, then a waiver may be considered. In most cases, filings that do not contain the appropriate justification may be subject to rejection or disapproval.

If there is no applicable data or no citation or adoption of competitors' or countrywide data, please state so and check the provision below.

_____ We hereby certify that the proposed rates for this program were calculated using judgment and actuarial projections. Due to the nature of this program, premium/loss experience and expense history is unavailable at this time. As data becomes available, we will submit future rate revisions indicating our use of the newly acquired data.

Filings by Rating Organizations

_____ Specific inland marine rates on risks specially rated, made by a rating organization, shall be filed with the Commissioner.

An insurer may satisfy its obligation to make such filings by becoming a member of, or a subscriber to, a licensed rating organization, which makes such filings, and by authorizing the Commissioner to accept such filings on its behalf.

Nothing contained in this chapter shall be construed as requiring any insurer to become a member of or a subscriber to any rating organization.

Rates In Excess of Filing

_____ Upon the written application of the insured, stating his reasons therefore, filed with and approved by the Commissioner, a rate in excess of that provided by a filing otherwise applicable may be used on any specific risk.

Rating Tiers Based on Credit Scores:

_____ Rating tiers based upon credit scores are not permitted. We hereby certify that our rates do not consist of tiers based on credit scores, nor consider the insured's credit score in our rating methodology.

Applicability

This subsection shall not apply to contracts or policies for inland marine risks as to which filings are not required.

What Filings May Consist of

_____ Filings may consist of manual, minimum, class rates, rating schedule or rating plan providing for indivisible rate or single premium for policies or contracts of insurance, including policies or contracts of insurance issued by such insurers under the authority of MGL c. 175, s. 22A and providing coverage against the hazards specified in more than one of the clauses or subdivisions of MGL c. 175, s.47.

Unfair and Deceptive Trade Practices:

_____ Any filing not in compliance with the above referenced requirements may be deemed to be in violation of the provisions of Chapter 176D of the Massachusetts General Laws. We hereby certify that the provisions set forth in this filing do not entail any intentional unfair and deceptive trade practices. Furthermore, we understand that we are subject to the penalties associated with practices that are in clear violation of this statute.

Required Abstract Forms:

<please insert hyperlink here>